

**DISTRICT ATTORNEY  
OF THE TENTH JUDICIAL DISTRICT  
NATCHITOCHES, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2013**

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Financial Report  
December 31, 2013

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Independent Auditor's Report		5-7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	10
Statement of Activities	B	11
Fund Financial Statements		
Balance Sheet-Governmental Funds	C	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	14
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	E	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	F	16
Statement of Fiduciary Assets and Liabilities	G	17
Notes to Financial Statements	-	19-30
Other Required Supplementary Information		
Budgetary Comparison Schedule-General Fund	H	32
Budgetary Comparison Schedule-Title IV-D Fund	I	33

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Financial Report  
December 31, 2013

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Supplementary Information		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	J	34-35
Schedule of Audit Findings	K	36-37

**District Attorney of the Tenth Judicial District  
P. O. Box 838  
Natchitoches, LA 71458-0838**

**Management's Discussion and Analysis (MD&A)**

This section of the District Attorney of the Tenth Judicial District's (hereafter referred to as the District Attorney) annual financial report presents an overview and analysis of the District Attorney's financial activities for the year ended December 31, 2013. The intent of the MD&A is to look at the District Attorney's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the District Attorney's operations.

**Financial Highlights**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District Attorney as a whole and presents a longer-term view of the District Attorney's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

**Government-Wide Financial Statements**

- The Statement of Net Position presents all of the District Attorney's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as "net position". Over time, increases or decreases in the District Attorney's net position may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating.
- The Statement of Activities presents information showing how the District Attorney's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

**Fund Financial Statements**

The services provided by the District Attorney are financed through governmental funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District Attorney conducts its day-to-day operations through a governmental fund, the General Fund. There are also two special revenue funds, the Title IV-D and Worthless Check Funds. The District Attorney also maintains one fiduciary fund, the Drug Assistance Recovery Fund. The Fiduciary Fund is simply a fund held for other parties and cannot be used for any of the District Attorney's activities, it is not included in the government-wide statements, but is separately reported in the statement of the Fiduciary Funds. This statement provides a short-term view of the District Attorney's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District Attorney.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2013</u>	<u>2012</u>
ASSETS:		
Current Assets	\$1,259,027	\$741,997
Capital Assets, Net of Accumulated Depreciation	<u>1,445</u>	<u>273</u>
Total Assets	<u>\$1,260,472</u>	<u>\$742,270</u>
LIABILITIES:		
Current- Payables	<u>\$ 125,825</u>	<u>\$ 47,777</u>
NET POSITION:		
Net investment in Capital Assets	\$ 1,445	\$ 273
Unrestricted	<u>1,133,202</u>	<u>694,220</u>
Total Net Position	<u>\$1,134,647</u>	<u>\$694,493</u>

## Summary of Statement of Activities

	<u>2013</u>	<u>2012</u>
REVENUES:		
Operating Grants	\$1,987,757	\$ 378,756
Fees, Fines & Charges for Services	439,838	960,871
Interest & Miscellaneous	<u>13,340</u>	<u>9,903</u>
Total Revenues	<u>\$2,440,935</u>	<u>\$1,349,530</u>
EXPENSES:		
Governmental Activities-		
Judicial-		
Personnel Services	\$ 371,480	\$ 353,714
LACE	988,778	329,206
Operating Expenses	310,053	260,237
Outside Appropriations	<u>330,470</u>	<u>252,754</u>
Total Expenses	<u>\$2,000,781</u>	<u>\$1,195,911</u>
Change in Net Position	<u>\$ 440,154</u>	<u>\$ 153,619</u>

- The District Attorney's assets exceeded its liabilities by \$1,134,647 (net position) for the year. For the prior year this was \$694,493.
- Unrestricted net position of \$1,133,202 represents the portion available to maintain the District Attorney's obligation to both citizens and creditors. For the prior year, this was \$694,220, an increase of \$438,982 for the year.

### Budgetary Highlights

Amendments were made to the General Fund and Title IV-D funds during the year. Actual revenues and expenditure were within the 5% variance allowed.

### Economic Factors and Next Year's Budget

Revenues received by the District Attorney continue to be sufficient to maintain the normal day-to-day operational needs of the office. The District Attorney considers many factors when setting the budget for fiscal year 2014, including increasing personnel costs associated with insurance and retirement.

### Contacting the District Attorney

This financial report is designed to provide our citizens and creditors with a general overview of the District Attorney's finances and to show the District Attorney's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Van Kyzar, District Attorney of the Tenth Judicial District at P. O. Box 838, Natchitoches, Louisiana 71458.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA – A Professional Corporation

Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT AUDITOR'S REPORT

To the Honorable Van Kyzar, District Attorney  
Tenth Judicial District  
P. O. Box 838  
Natchitoches, LA 71458-0838

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Tenth Judicial District of Louisiana (District Attorney), a component unit of the Natchitoches Parish Government, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District Attorney's financial statements. The budgetary comparisons listed as required supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Attorney's internal control over financial reporting and compliance.

***Johnson, Thomas & Cunningham***

Johnson, Thomas & Cunningham, CPA's

June 23, 2014

Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Statement of Net Position  
December 31, 2013

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$1,173,323
Revenue Receivable	81,704
Other Assets	<u>4,000</u>

Total Current Assets \$1,259,027

Non-current Assets-

Capital Assets (Net)	<u>1,445</u>
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Total Assets \$1,260,472

LIABILITIES:

Current Liabilities-

Accounts Payable	\$ 4,984
Accrued Expenses	28,090
Due to Other Governments	<u>92,751</u>

Total Liabilities \$ 125,825

NET POSITION:

Net Investment in Capital Assets	\$ 1,445
Unrestricted	<u>1,133,202</u>

Total Net Position \$1,134,647

The accompanying notes are an integral part of this statement.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Statement of Activities  
December 31, 2013

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position Government Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial-					
Personnel Services	\$ 371,480	\$439,838	\$ 0	\$0	\$ 68,358
LACE	988,778	0	1,649,038	0	660,260
Operating Expenses	187,514	0	338,719	0	151,205
Materials & Supplies	79,585	0	0	0	(79,585)
Travel & Other Charges	42,954	0	0	0	(42,954)
Outside Appropriations	<u>330,470</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(330,470)</u>
Total Governmental Activities	<u>\$2,000,781</u>	<u>\$439,838</u>	<u>\$1,987,757</u>	<u>\$0</u>	\$ 426,814
General Revenues:					
Interest & Miscellaneous					<u>13,340</u>
Change in Net Position					\$ 440,154
Net Position January 1, 2013					<u>694,493</u>
Net Position December 31, 2013					<u>\$1,134,647</u>

The accompanying notes are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Balance Sheet-Governmental Funds  
December 31, 2013

	<u>Major Funds</u>		<u>Non-Major Fund</u>	
	<u>General</u>	<u>Title</u>	<u>Worthless</u>	<u>Total</u>
	<u>Fund</u>	<u>IV-D Fund</u>	<u>Check Fund</u>	
Assets:				
Cash & Cash Equivalents	\$1,132,776	\$ 0	\$40,547	\$1,173,323
Revenue Receivable	31,546	50,158	0	81,704
Due from Other Funds	9,943	0	0	9,943
Other Assets	<u>4,000</u>	<u>0</u>	<u>0</u>	<u>4,000</u>
Total Assets	<u>\$1,178,265</u>	<u>\$50,158</u>	<u>\$40,547</u>	<u>\$1,268,970</u>
Liabilities:				
Accounts Payable	\$ 4,984	\$ 0	\$ 0	\$ 4,984
Accrued Expenses	28,090	0	0	28,090
Due to Other Governments	52,536	40,215	0	92,751
Due to Other Funds	<u>0</u>	<u>9,943</u>	<u>0</u>	<u>9,943</u>
Total Liabilities	<u>\$ 85,610</u>	<u>\$50,158</u>	<u>\$ 0</u>	<u>\$ 135,768</u>
Fund Balance:				
Nonspendable:				
Prepaid Expenses	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Restricted for:				
Special Purposes	0	0	40,547	40,547
Unassigned	<u>1,088,655</u>	<u>0</u>	<u>0</u>	<u>1,088,655</u>
Total Fund Balances	<u>\$1,092,655</u>	<u>\$ 0</u>	<u>\$40,547</u>	<u>\$1,133,202</u>
Total Liabilities and Fund Balance	<u>\$1,178,265</u>	<u>\$50,158</u>	<u>\$40,547</u>	<u>\$1,268,970</u>

The accompanying notes are an integral part of this statement.



District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
December 31, 2013

Total Fund Balance for the Governmental Funds at December 31, 2013	\$1,133,202
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Total Net Position reported for Governmental Activities  
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not  
financial resources and, therefore, are not reported  
in the fund. Those assets consist of:

Equipment and Vehicles, Net of Accumulated Depreciation	<u>1,445</u>
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Total Net Position of Governmental Activities at December 31, 2013	<u>\$1,134,647</u>
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The accompanying notes are an integral part of this statement.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2013

	<u>Major Funds</u>		<u>Non-Major Fund</u>	
	<u>General</u>	<u>Title</u>	<u>Worthless</u>	
	<u>Fund</u>	<u>IV-D Fund</u>	<u>Check Fund</u>	<u>Total</u>
REVENUES:				
Charges for Services	\$ 406,984	\$ 0	\$ 32,854	\$ 439,838
Intergovernmental-				
Federal Grants	0	308,719	0	308,719
State Grants	30,000	0	0	30,000
Other Grants	1,649,038	0	0	1,649,038
Miscellaneous	<u>13,302</u>	<u>0</u>	<u>38</u>	<u>13,340</u>
Total Revenues	<u>\$2,099,324</u>	<u>\$308,719</u>	<u>\$ 32,892</u>	<u>\$2,440,935</u>
EXPENDITURES:				
Current-				
General Government-				
Personnel Services &				
Related Benefits	\$ 371,480	\$ 0	\$ 0	\$ 371,480
LACE	988,778	0	0	988,778
Operating Expenses	187,136	0	0	187,136
Materials & Supplies	79,584	0	1	79,585
Travel & Other Charges	42,954	0	0	42,954
Outside Appropriations	30,000	300,470	0	330,470
Capital Expenditures	<u>1,550</u>	<u>0</u>	<u>0</u>	<u>1,550</u>
Total Expenditures	<u>\$1,701,482</u>	<u>\$300,470</u>	<u>\$ 1</u>	<u>\$2,001,953</u>
Excess (Deficiency) of Revenues				
over Expenditures	<u>\$ 397,842</u>	<u>\$ 8,249</u>	<u>\$ 32,891</u>	<u>\$ 438,982</u>
OTHER FINANCING				
SOURCES (USES):				
Operating Transfers In	\$ 103,568	\$ 0	\$ 0	\$ 103,568
Operating Transfers Out	<u>0</u>	<u>(82,568)</u>	<u>(21,000)</u>	<u>(103,568)</u>
Total Other Financing				
Sources (Uses)	<u>\$ 103,568</u>	<u>\$ (82,568)</u>	<u>\$(21,000)</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues				
and Other Sources over Expenditures				
and Other Uses	\$ 501,410	\$ (74,319)	\$ 11,891	\$ 438,982
Fund Balances-Beginning of Year	<u>591,245</u>	<u>74,319</u>	<u>28,656</u>	<u>694,220</u>
Fund Balances-End of Year	<u>\$1,092,655</u>	<u>\$ 0</u>	<u>\$ 40,547</u>	<u>\$1,133,202</u>

The accompanying notes are an integral part of this statement.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2013

Net Change in Fund Balances-Governmental Funds	\$438,982
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The Change in Net Position reported for Governmental Activities  
in the Statement of Activities is different because:

Governmental Funds report Capital Outlays as expenditures.

However, in the Statement of Activities, the cost of these  
assets is allocated over their estimated useful lives as  
depreciation expense. The cost of capital assets recorded  
in the current period is

1,550

Depreciation Expense on Capital Assets is reported in the  
Government-wide Financial Statements, but does not  
require the use of current financial resources and is not  
reported in the Fund Financial Statements.

Current year depreciation expense is

(378)

Total changes in Net Position at December 31, 2013,  
per Statement of Activities

\$440,154

The accompanying notes are an integral part of this statement.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
December 31, 2013

	Asset Forfeiture <u>Fund</u>
ASSETS:	
Cash	<u>\$385,812</u>
LIABILITIES:	
Due to Other Governments	<u>\$385,812</u>

The accompanying notes are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

Introduction:

The Tenth Judicial District is comprised of the parish of Natchitoches, located in northeast Louisiana. As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of criminal prosecution by the State in his district, is the representative of the State before the grand jury in his district, and is legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

As the governing authority of the parish, for reporting purposes, the Natchitoches Parish Government is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Government for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Parish Government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent and
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Although the District Attorney is an independently elected official, he is fiscally dependent on the Natchitoches Parish Government. The Parish Government maintains and operates the parish courthouse in which the District Attorney's office is located and provides funds for other expenses of the District Attorney's office, as necessary. Therefore, the District Attorney was determined to be a component unit of the Natchitoches Parish Government, the financial reporting entity. The

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

accompanying financial statements present information only on the funds maintained by the District Attorney and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity except for the fiduciary fund. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through fees and charges, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Attorney's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The accounts of the District Attorney are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District Attorney maintains four funds. They are categorized as governmental funds and a fiduciary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District Attorney or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The District Attorney considers the following governmental funds to be major: General Fund and Title IV-D.

The funds of the District Attorney are described below:

Governmental Funds

Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Governmental funds of the District Attorney include:

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

General Fund

The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that a percentage of the fines collected and bonds forfeited be transmitted to the District Attorney to defray the necessary expenditures of his office.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Title IV-D

The Title IV-D Fund accounts for receipt and expenditure of federal reimbursement grants passed through the Louisiana Department of Social Services, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the social security act. The purpose of the program is to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Worthless Check

The Worthless Check Collection Fee Fund accounts for revenues derived from the fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney's office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the Office of the District Attorney but may not be used to supplement the salary of the District Attorney.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District Attorney in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the District Attorney, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.



District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District Attorney's office as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Attorney considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and cash equivalents include all interest-bearing and demand accounts of the District Attorney.

F. Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney maintains a threshold level of \$1,000 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

The range of useful lives by type of asset is as follows:

Furniture, Fixtures & Equipment	5 years
Vehicles	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of the capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - all other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

- d. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$1,088,655. If applicable, the District Attorney would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

H. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. Budget-

Prior to the beginning of each fiscal year, the District Attorney adopts a budget for the next fiscal year for its general and all special revenue funds. The budgets are open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget for the General Fund is prepared on the modified accrual basis of accounting. The budget for the IV-D Fund is prepared on the cash basis of accounting and must be adjusted to the modified accrual basis of accounting for the purposes of the financial statements.

J. Impact of Recently Issued Accounting Principles -

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012.

In March 2012, the GASB issued Statement 66, *Technical Corrections-2012*. GASB 66 improves accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of GASB No. 54 and GASB No. 62. This statement is effective for periods beginning after December 15, 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. Cash and cash equivalents are stated at cost, which approximates market.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2013, the District Attorney has \$1,568,519 in collected bank balances. These deposits are secured from credit risk as follows:

Collected Bank Balances	\$1,568,519
FDIC Insurance	(443,461)
Category 3 Pledged Securities	<u>(931,850)</u>
Balance Subject to Credit Risk	<u>\$ 193,208</u>

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District Attorney that the fiscal agent has failed to pay deposited funds upon demand.

3. Compensated Absences:

Full-time employees earn ten days of vacation and sick leave annually. Vacation and sick leave may not be accumulated and there is no vesting privileges. Therefore, no entry is made for compensated absences.

4. Interfund Transactions:

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds.

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfer Out</u>
General Fund	\$103,568	\$ 0
Special Revenue Funds-		
Worthless Checks	0	21,000
Title IV-D	<u>0</u>	<u>82,568</u>
Total	<u>\$103,568</u>	<u>\$103,568</u>

Transfers are primarily used to move operation monies to and from various funds.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

5. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2013, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>1-1-13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-13</u>
Capital Assets:				
Office Furniture, Equipment	\$ 26,623	\$1,550	\$0	\$ 28,173
Less, accumulated depreciation	<u>(26,350)</u>	<u>(378)</u>	<u>0</u>	<u>(26,728)</u>
Net Capital Assets	\$ <u>273</u>	\$ <u>1,172</u>	\$ <u>0</u>	\$ <u>1,445</u>

Depreciation expense of \$378 was charged to the judicial function.

6. Receivables:

The following is a summary of receivables at December 31, 2013:

<u>Class of Receivable</u>	<u>General</u> <u>Fund</u>	<u>IV-D</u> <u>Fund</u>	<u>Worthless Checks</u> <u>Fund</u>	<u>Total</u>
Charges for Services	\$31,545	\$ 0	\$0	\$31,545
Intergovernmental Revenues	<u>0</u>	<u>50,159</u>	<u>0</u>	<u>50,159</u>
Total	\$ <u>31,545</u>	\$ <u>50,159</u>	\$ <u>0</u>	\$ <u>81,704</u>

7. Pension Plan:

District Attorney's Retirement System (DARS)

*Plan Description*-The District Attorney and assistant District Attorneys are members of the Louisiana District Attorneys Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Assistant District Attorneys who earn, as a minimum, the amounts paid by the state for assistant district attorneys and are under the age of 60 at the time of original employment and all district attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provision, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3 percent benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a 3 percent benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a 3 percent benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3 percent of the member's average final compensation multiplied by the number of years of their membership service, not to exceed 100 percent of their average final compensation.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

*Retirement Benefits*-For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5 percent of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3 percent for each year the member retires in advance of normal retirement age. Benefits may not exceed 100 percent of average final compensation. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana District Attorneys Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116-2091, or by calling (225) 947-5551.

*Funding Policy*-Plan members are required by state statute to contribute 8 percent of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. Starting in July 2013 the employer rate decreased from 10.25 to 9.75 percent. Contributions to the System also include .2 percent of the ad valorem taxes collected throughout the state and revenue sharing funds as appropriated by the legislature. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System for the years ending December 31, 2013, 2012, and 2011, were \$18,970, \$19,205, and \$17,240, respectively, equal to the required contributions for each year.

#### Parochial Employees Retirement System (PERS)

*Plan Description*-All other employees of the District Attorney, Tenth Judicial District are members of the Parochial Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. All permanent employees working at least 28 hours per week who are paid wholly or in part by the District Attorney of the Tenth Judicial District are required to participate in the System. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District Attorney are members of Plan A. The following plan description information pertains to Plan A.

*Retirement Benefits*-Members with seven years of creditable service may retire at age sixty-seven; ten years of creditable service may retire at age sixty-two; members with thirty years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

basis of one percent of final compensation plus two dollars per month for each year of service credited after the revision date, and three percent of final compensation for each year of service credited after the revision date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement is included in the member's creditable service for retirement computation purposes. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or final compensation.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

*Funding Policy*-Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District Attorney of the Tenth Judicial District is required to contribute at an actuarially determined rate. The current rate is 16.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District Attorney of the Tenth Judicial District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. The District Attorney of the Tenth Judicial District's contributions to the System under Plan A for the years ending December 31, 2013, 2012, and 2011, were \$15,800, \$14,832, and \$13,591, respectively, equal to the required contributions for each year.

8. Changes in Fiduciary Fund – Agency Fund:

The following is a summary of the change in the agency fund unsettled balance for the year ended December 31, 2013:

<u>Fund</u>	<u>Balance 01-01-13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-13</u>
Asset Forfeiture	<u>\$482,462</u>	<u>\$67,022</u>	<u>\$163,672</u>	<u>\$385,812</u>

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

9. Accounts, Salaries and Other Payables

The payables of \$52,135 at December 31, 2013, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Title IV Fund</u>
Accounts Payable	\$ 4,984	\$ 0
Accrued Payroll	28,090	0
Due to Other Governments	<u>52,536</u>	<u>40,215</u>
Totals	<u>\$85,610</u>	<u>\$40,215</u>

10. Expenditures of the District Attorney Not Included in the Accompanying Financial Statements:

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the Natchitoches Parish Government or paid directly by the state. A portion of the salaries of the District Attorney and Assistant District Attorneys are paid directly by the state. The Natchitoches Parish Government pays certain other expenditures of the District Attorney.

11. Federal Financial Assistance Programs:

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance No. 93.563. This program is funded by indirect assistance payments, in the form of reimbursements of certain expenditures, received from the Louisiana Department of Social Services. For the year ended December 31, 2013, the District Attorney of the Tenth Judicial District expended \$308,719 in reimbursement payments.

The reimbursement payments are restricted by a formal agreement between the District Attorney and Department of Social Services and include a budget of expected expenditures for each fiscal year ending June 30. The District Attorney submits reimbursement requests to the Department of Social Services on a monthly basis.

The reimbursement payments may be subjected to further review and audit by the federal grantor agency. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

12. Litigation:

The District Attorney of the Tenth Judicial District is a defendant in various lawsuits filed by inmates. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Tenth Judicial District Attorney.



District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2013

13. Post-Employment Benefits

The District Attorney does not provide any post-employment benefits; therefore, no disclosure for GASB 45 is required.

14. Subsequent Events:

Management has evaluated events through June 23, 2014, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for Services	\$912,000	\$2,114,800	\$ 406,984	\$(1,707,816)
Intergovernmental-				
State Grants	43,000	70,000	30,000	(40,000)
Other Grants	0	0	1,649,038	1,649,038
Miscellaneous	<u>7,329</u>	<u>15,200</u>	<u>13,302</u>	<u>(1,898)</u>
Total Revenues	<u>\$962,329</u>	<u>\$2,200,000</u>	<u>\$2,099,324</u>	<u>\$ (100,676)</u>
EXPENDITURES:				
Current-				
General Government-				
Personnel Services & Benefits	\$353,000	\$ 330,000	\$ 371,480	\$ (41,480)
LACE	0	0	988,778	(988,778)
Operating Expenses	522,125	1,283,000	187,136	1,095,864
Materials & Supplies	43,000	50,000	79,584	(29,584)
Travel & Other Charges	23,000	37,000	42,954	(5,954)
Outside Appropriations	0	20,000	30,000	(10,000)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>1,550</u>	<u>(1,550)</u>
Total Expenditures	<u>\$941,125</u>	<u>\$1,720,000</u>	<u>\$1,701,482</u>	<u>\$ 18,518</u>
(Deficiency) of Revenues over Expenditures	<u>\$ 21,204</u>	<u>\$ 480,000</u>	<u>\$ 397,842</u>	<u>\$ (82,158)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 79,000	\$ 0	\$ 103,568	\$ 103,568
Operating Transfers Out	<u>0</u>	<u>(66,000)</u>	<u>0</u>	<u>66,000</u>
Total Other Financing Sources (Uses)	<u>\$ 79,000</u>	<u>\$ (66,000)</u>	<u>\$ 103,568</u>	<u>\$ 169,568</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$100,204</u>	<u>\$ 414,000</u>	<u>\$ 501,410</u>	<u>\$ 87,410</u>
Fund Balance-Beginning of Year	<u>591,245</u>	<u>591,245</u>	<u>591,245</u>	<u>0</u>
Fund Balance-End of Year	<u>\$691,449</u>	<u>\$1,005,245</u>	<u>\$1,092,655</u>	<u>\$ 87,410</u>

See notes to financial statements.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Title IV-D Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2013

	Budgeted Amounts				Actual Amounts	
	Original	Final	Adjust to Modified Accrual	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Intergovernmental-						
Federal Grants	\$306,000	\$330,000	\$(24,160)	\$305,840	\$308,719	\$ 2,879
EXPENDITURES:						
Current-						
General Government-						
Outside Appropriations	<u>222,750</u>	<u>240,150</u>	<u>40,216</u>	<u>280,366</u>	<u>300,470</u>	<u>(20,104)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 83,250	\$ 89,850	\$(64,376)	\$ 25,474	\$ 8,249	\$(17,225)
OTHER FINANCING SOURCES (USES):						
Operating Transfers Out	<u>(58,500)</u>	<u>(89,850)</u>	<u>(9,943)</u>	<u>(99,793)</u>	<u>(82,568)</u>	<u>17,225</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 24,750	\$ 0	\$(74,319)	\$(74,319)	\$(74,319)	\$ 0
Fund Balance-Beginning of Year	<u>74,319</u>	<u>74,319</u>	<u>0</u>	<u>74,319</u>	<u>74,319</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 99,069</u>	<u>\$ 74,319</u>	<u>\$(74,319)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See notes to financial statements.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Van Kyzar, District Attorney  
Tenth Judicial District  
P. O. Box 838  
Natchitoches, LA 71458-0838

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District Attorney of the Tenth Judicial District of Louisiana (District Attorney) basic financial statements and have issued our report thereon dated June 23, 2014.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District Attorney's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 13-01, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 13-02.

### **District Attorney of the Tenth Judicial District of Louisiana Response to Findings**

The District Attorney's response to the findings identified in our audit is described in the accompanying schedule of audit findings. The District Attorney's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Johnson, Thomas & Cunningham*

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Johnson, Thomas & Cunningham, CPA's

June 23, 2014  
Natchitoches, Louisiana

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Schedule of Audit Findings  
Year Ended December 31, 2013

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the District Attorney of the Tenth Judicial District.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards.

II. Findings in Accordance with Governmental Auditing Standards

Internal Control-

*13-01 Segregation of Duties*

*Criteria* - The District Attorney's office should have employees available to execute the ongoing duties related to financial matters.

*Condition* - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

*Effect* - Intentional or unintentional errors could be made and not detected within the accounting system.

*Cause* - The District Attorney's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the District Attorney's annual financial statements with related note disclosures.

*Recommendation* - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make. However, the Louisiana Legislative Auditor's office has advised CPA's that this condition should be brought to the attention of an audit entity's management.

*Management's Response* - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the District Attorney to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

District Attorney of the Tenth Judicial District  
Natchitoches, Louisiana  
Schedule of Audit Findings  
Year Ended December 31, 2013

Compliance-

*13-02 Cash Balance Unsecured*

*Criteria* - Louisiana state law requires that all funds held by banks for a Louisiana governmental entity must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the FDIC insurance must at all times equal or exceed the amount on deposit with the bank.

*Condition* - The cash balance in the bank was not fully secured by FDIC or pledged securities.

*Effect* - If the bank were to fail, the District Attorney's funds in excess of FDIC insurance and pledged securities could be lost.

*Cause* - The bank in which the District Attorney held accounts did not properly monitor the accounts to ensure that balances in excess of FDIC insurance were properly pledged.

*Recommendation* - The District Attorney should ensure that the financial institution has funds fully secured by FDIC insurance and pledged securities.

*Management's Response* - We will institute procedures to ensure that the institution has fully secured the necessary funds by the FDIC insurance and pledged securities.

III. Prior Year Findings

No findings.